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Sent: 3/5/2018 8:06:30 PM
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Subject: [External] NC WARN Challenges Duke Influence Money in Rate Case

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Hi Folks,
We've been wanting to compile this analysis for years and aren't surprised the numbers are very high. Our attorneys won't get started until tomorrow.
Jim



Today is the first day of evidentiary hearings in the Duke Energy Carolinas rate case. Read our news release below on evidence we will be presenting to deny the rate hike.

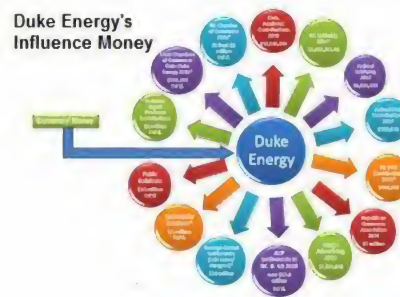
You can weigh in, too! Send comments to statements@ncuc.net (include "Docket #E-7 Sub 1146" in the subject line). And call on the news media you rely on to hold Duke Energy accountable!

Duke Energy's Influence Money Challenged in Today's Rate Case

\$80 million-plus each year is key to monopoly's business model of "build plants, raise rates"

Charlotte-based Duke Energy uses more than \$80 million annually to influence government officials, civic leaders, news media and the public – and its monopoly-captive customers are forced to pay the bill. That's according to a [new analysis](#) by NC WARN, which will be our central issue in challenging Duke's latest rate increase in an evidentiary hearing that begins today at 1:30pm at the NC Utilities Commission (NCUC).

An obvious question is why does a corporate giant with monopoly control over most customers – thus, with no competition – need to spend so much?



It's because buying favor and distorting its public record is an essential part of Duke's monopoly business model, which is to build power plants, pipelines and transmission towers, and raise captive customers' rates. The influence money is necessary to keep it all going.

Our \$80 million estimate, from about a dozen categories, is not all-inclusive, and we hope to gain more information during the evidentiary process. For example, we have excluded most of Duke's various influence expenditures in many other states in which Duke operates. Most of the money we tracked is spent by the corporate holding company and its two utility subsidiaries in the Carolinas.

In addition to the annual influence payments, in most years Duke Energy pays millions more to settle various cases or controversies, such as the recent \$58 million "mitigation fund" deal with Governor Cooper that coincided with a key state permit approval of the Atlantic Coast Pipeline.

All the influence money comes from customers, although an accounting fiction allows Duke executives to claim some of its image ads and other expenses are paid by stockholders.

With 105 staffers in its public relations division, Duke spends nearly \$20 million annually to bombard the public – through image ads and more – with its claim to be creating a "smarter, cleaner energy future," a claim that's rarely scrutinized by the news media. By contrast, NC WARN, scientists and allies contend Duke's actions and plans are disastrous for the climate, the people and the economy.

The \$32 million in annual "charitable" donations serves as targeted philanthropy to maintain support – or at least silence among civic, academic and other nonprofit leaders.

This is how one of the world's largest utility polluters gets away with hazardous actions, gouging customers and greenwashing – while being protected from answering its critics in the regulatory and public opinion arenas. A key example of the return on the influence money investment was the February 23rd NCUC order in the Duke-Progress rate case. Although all parties in the case, including Attorney General Josh Stein and the NCUC's public staff, argued for the opposite, the NCUC essentially ordered customers to pay millions to cover nearly all of Duke's coal ash negligence.

Duke Energy's influence money suppresses public debate, thus few Carolinians know that "natural" gas is even worse for the climate than coal. Also, the public largely thinks Duke is indeed green because they are pummeled with ads showing solar panels but rarely are told that Duke's commitment to all renewable energy in the Carolinas remains at only 2%.

Now in its 30th year, NC WARN's mission urgency is to induce Charlotte-based Duke Energy – now the world's largest corporate utility – to make a strong shift to clean, affordable energy in order to stem pollution's damage to communities, and to help avert climate tipping points and ongoing rate hikes.

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